

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

PERIODIC REPORTING
(PROPOSAL TWO)

Docket No. RM2021-4

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO QUESTION 1 OF CHAIRMAN'S INFORMATION REQUEST NO. 4**
(May 14, 2021)

The United States Postal Service hereby provides its response to the above listed question of Chairman's Information Request No. 4, issued May 7, 2021. The questions are stated verbatim and followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorney:

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1. Please refer to the Excel file "Proposal Two FCM Letters Cost Model.xlsx" filed with the Petition and Docket No. ACR 2020, Library Reference USPS-FY20-7, Word File "Appendix_A_OperDefin_AUG_2020.docx."¹
 - a. Please confirm that the MODS cost pool 1SCAN in Excel file "Proposal Two FCM Letters Cost Model.xlsx" is comprised of all the activities described in 208C Composite from MODS Operation Number Definitions in Word File "Appendix_A_OperDefin_AUG_2020.docx."
 - b. If not confirmed, please provide the MODS operation number that most closely corresponds to MODS cost pool 1SCAN.
 - c. Please provide analysis and supporting workpapers demonstrating the correlation between 1SCAN costs and presort level is unrelated to the cost of presorting the mail.

RESPONSE:

- a. Partly confirmed. In addition to MODS operations 208 and 209 (208C), the 1SCAN cost pool also includes MODS operations 065 ("Scanning Operations") and 189 ("Scanning Inbound Mail"). See Docket No. ACR2020, USPS-FY20-7, file "USPS-FY20-7 part1.xlsx," worksheet "I-2B. CPool Hrs by Ops & LDC-MODS."
- b. Not applicable.
- c. The activities performed in MODS 1SCAN for presorted First-Class Mail letters are primarily related to preparing trays of mail for inter-facility transportation. In these operations, trays are sleeved (if necessary),

¹ See Docket No. ACR2020, Library Reference USPS-FY20-7 – Cost Segment 3 Cost Pools & Other Related Information (Public Portion), December 29, 2020, at 28, Word File: "Appendix_A_OperDefin_AUG_2020.docx."

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scanned, and airline routing labels are applied (if necessary). As with MODS 1PLATFRM costs, 1SCAN costs are incurred because of the entry point of the mail; not the depth of presort. The act of presorting alone does not cause costs in MODS 1SCAN to be avoided. Origin entered pieces from MADC trays will incur MODS 1SCAN costs as they flow from outgoing distribution operations to outgoing transportation. Origin entered AADC and 5-Digit trays also will incur MODS 1SCAN costs in the process of being dispatched to destination facilities.